

Arizona Correctional Industries

Quality Times

May 2010, Volume 6 Issue 11

Bill Branson
Chief Executive Officer
General Manager

Dale Beatty, CPA
Chief Financial Officer

John Ralston
Senior Vice President
Sales and Marketing

Glen Davis
Senior Vice President
Labor Contracts

Rich Selapack
Vice President
Labor Contracts

Bill Foster
Vice President
Central Region

Gregg Hillebrand
Vice President
West Region

Al Wesley
Vice President
East Region

Alexandra Benlein
Quality & Training
Manager

ACI Mission Statement

To create opportunities for offenders to develop marketable job skills and good work habits through enterprises that produce quality products and services for our customers.

Published by:

ACI

Arizona Correctional Industries
Phoenix, Arizona



CEO Letter

ACI Employees:

All of your hard work is paying off. ACI's April financials continue to reflect positive earnings; sales broke \$3.4 million (\$3,430,989) and brought our YTD sales to \$26,535,017. Profits were an impressive \$602,321 for April. It was a **phenomenal** month.

Keep up the positive momentum - We will continue to be extremely busy the next couple of months, as we close out year-end orders and meet the product demands for additional inmate beds. The extra zeal and energy that you (the ACI team) have put into our accomplishments has not gone unnoticed. I appreciate everyone's commitment to deliver on-time quality products and services. Your commitment makes the difference.

At the beginning of May, ACI submitted *Intent to Apply and Eligibility Agreement* applications to the Arizona Quality Alliance for the Bakery and License Manufacturing. I firmly believe that these shops have demonstrated expertise in providing quality goods and services that are supported by increasing profits, positive customer satisfaction reports and a substantial minimization of waste in their production/processes. By applying for an Arizona Performance Excellence Program award, we are continuing to seek opportunities to improve our performance and growth. Our applications are due mid-July and the on-site visits are tentatively scheduled for the latter part of September or beginning of October.

As many of you will recall, ACI pursued this recognition in the past and were awarded a Showcase in Excellence award in 2005. What we have learned through our participation is that this is an invaluable tool and the returns are significant. The feedback provided through the application and on-site visits pose opportunities that we can apply universally for improvement and identify best in the business practices.

In closing, I am very proud of ACI's accomplishments thus far this year and am appreciative of all of you and your contributions to our success. I will keep pushing us individually and collectively toward bigger and better accomplishments, because I know we are capable. Great job! Keep up the great work.

Sincerely,

Bill Branson, CEO

Quality Standards/Results

ACI continues to pursue the highest standards for its Quality Program. Highlighted herein are some of the measures that are monitored to ensure high-quality products and services.

Monthly Sampling Comparison:

| | | | | | |
|-----------------|------------------------|--------------|------------------------|--------------|------------------------|
| February | Inspected: 540,477 | March | Inspected: 1,070,015 | April | Inspected: 779,532 |
| | Passed: 538,704 | | Passed: 1,066,176 | | Passed: 776,441 |
| | Total %: 99.67% | | Total %: 99.64% | | Total %: 99.60% |

Rework Cost Comparison:

| | | | | | |
|-----------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|
| February | Labor: \$ 541.46 | March | Labor: \$ 751.99 | April | Labor: \$ 719.82 |
| | Materials: \$ 3,321.53 | | Materials: \$ 5,769.95 | | Materials: \$ 5,577.69 |
| | Total Cost: \$ 3,862.99 | | Total Cost: \$ 6,521.94 | | Total Cost: \$ 6,297.51 |

Bedding, Data Fulfillment, Florence Upholstery, Print Shop, PV Sewing, and Wood Metal had no instances requiring rework in March. **Great Job!**

Inside this Issue

| | |
|---|---|
| Arizona State Schools for the Deaf and Blind | 2 |
| Quality Standards/Results Continued | 2 |
| Lean – The Seven Deadly Wastes, Our Journey Continues | 3 |
| Complex Correctional Administrators – Desk Reference | 4 |



*Please consider the environment.
Do you really need a paper copy of this newsletter?*

Arizona State Schools for the Deaf and Blind



Before: West Kitchen Wall



After: West Kitchen Wall



Before: East Kitchen Wall



After: East Kitchen Wall

Did you know?

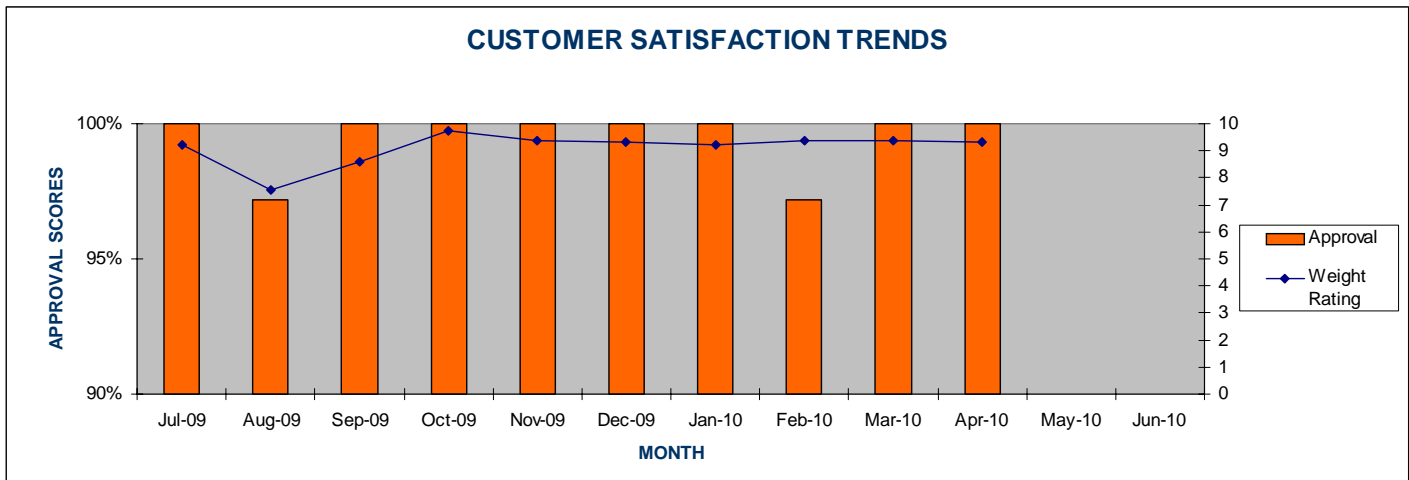
Arizona's first state legislature enacted the provision to establish the Arizona State Schools for the Deaf and Blind in 1912. That same year, in October, the school opened with its first nineteen children/students. This prestigious school leads the nation in serving students with vision and hearing loss in the state of Arizona.

Last year, a devastating fire made the structure uninhabitable. ACI was honored to have been selected to make the necessary repairs to the cabinetry (for the kitchen, laundry room and dorm closets) to assist in returning this important facility to full operation. Our very own Sales Representative Rob King coordinated this project with support from the furniture and installation team. Rob endured the Tucson heat in July to ensure the project was completed correctly. The school was very pleased with ACI's contribution to this project and the great workmanship.

We can be proud of our part in making this school operational again.

Quality Standards/Results (continued from pg. 1)

Customer satisfaction survey results continue to be exceptional:



Five percent of the customers were surveyed with an overall approval rate of 100%. The average weighted score which reflects how satisfied the customer was based on a scale of 1 to 10 (10 being the best) was 9.3. Amongst the many positive comments, we were really happy to receive the following comment as a result of a client's experience with Wood/Metal: "(I am) so happy - very impressed - trying to find other things to have done".

.ACI

June Brown Bag Lunches



Deferred Compensation

Presented by: Patrick Muggridge
ACI Central Office Conference Room
Wednesday, June 23, 2010 at 11:30 a.m.

Lean – The Seven Deadly Wastes, Our Journey Continues...

Alexandra Benlein, Quality & Training Manager

This month's issue continues the conversation on Lean – The Seven Deadly Wastes:

1. Overproduction
2. Waiting
3. Transportation
4. Processing (over-processing)
5. Inventory
6. Motion
7. Defects

Designed to eliminate waste from (manufacturing or administrative) operations, Lean thinking is a philosophy and powerful set of tools for any organization. It utilizes a system of techniques and activities that differs according to the application at hand with a common underlying principle: *the elimination of all non-value-adding activities and waste from processes and products*. It also takes into account what adds value in processes from a customer's perspective. With proper implementation, Lean thinking can provide fast and dramatic results. By lowering operating costs and improving productivity, Lean gives us the competitive advantage.

Lean is a common sense approach to quality that empowers us to ask **"WHY?"**... *Why is this process necessary? Why are we utilizing valuable space and fiscal resources for the storage of inventory? etc.*

It does not allow us to rely on the old standard responses, such as "it's the way it has always been done". Furthermore, Lean encourages us to use fresh eyes to achieve smart, streamlined processes that meet our business and customer's expectations for quality and reliable products and services.

During recent tours of our Owned & Operated shops it is apparent that quality tools are at work throughout the process / production. The



Henry Ford defined what we now call the lean concept by stating: *"We will not put into our establishment anything that is useless."*

challenge for us now is to invest the time necessary to implement Lean to improve our current work flow and processes to identify/eliminate waste.

It is time for us to ask ourselves, "What, if anything, are we doing or have done that may be useless (of no value)?"

It is our expectation that as we drive the Lean concept through all levels of our organization it will become second nature. It will become a standard for quality that impacts our lives – professionally and even personally. Additionally, educating ourselves in Lean integrates a common language and practice utilized by top quality rated industries. Our Lean journey will keep us on the road to successfully becoming the nation's best correctional industry.

To the right of this article are examples of ways to overcome some of the waste associated with manufacturing. Please take the time to read through them and see if you can identify helpful information for improving your area.

Ways to Overcome the Seven Wastes of Manufacturing

Overproduction (most costly)

- Reduce setup times.
- Synchronize time and amount of processes.
- Create compact layouts and visibility.
- Make only what is needed now.

Waiting

- Synchronize work flow.
- Balance uneven loads with flexible workers and equipment.
- Implement preventive maintenance to eliminate machine downtime.

Transportation

- Establish layout and locations to remove transport as much as possible.
- Look for ways to lessen material movement.

Processing (overprocessing)

- Question if process is necessary.
- Extend thinking to the elimination of process and/or part if possible.

Inventory

- Synchronize work flow so that stocks do not accumulate during work in process.
- Shorten setup time.
- Reduce lead times.
- Smooth demand for product.
- Reduce all other wastes.

Motion

- Study motion for economy and consistency to improve productivity and quality.
- Improve motion, then mechanize to avoid automating waste.
- Minimize walking.

Defects

- Develop the process to prevent defects.
- Never accept defects; make no defects.
- Make processes fail-safe.
- Make quality product from quality process.

Quality Progress: Continuous Process Improvement-The Quick Step Way by Benard J. Shroer, Mel Adams, Steve Stewart, and Paul J. Coponation (1998)

Complex Correctional Administrators

| NORTHERN REGION | | | | | SOUTHERN REGION | | | | |
|--|-----------------------|------------------------------|--------------------|--|------------------------|-------------|----------------------|----------------|--|
| | UNIT | DEPUTY WARDEN | ADW | | | UNIT | DEPUTY WARDEN | ADW | |
| EYMAN Warden: Ernest Trujillo DWOP: Blanca Ochoa Major: Thomas Higginson | Cook | Jeffrey Freeland | Ralph Cluff | | DOUGLAS | Eggers | Linda Forrester | N/A | |
| | Meadows | Kevin Curran | N/A | | Warden: Richard Bock | Gila | Bruce Catell | Tom Palawsky | |
| | Rynning | Ron Credio | Staci Fay | | DWOP: Antonio Baca | Marticopa | Wayne Wilson | N/A | |
| | SMU I | Delena Carrillo | Carlos Manriquez | | Major: VACANT | Mohave | Marvin Shatto | Teresa Helmer | |
| | Browning | Alfred Ramos | VACANT | | | Papago | Rupert Garnica | N/A | |
| FLORENCE Warden: Carson McWilliams DWOP: Tara Diaz Major: Ed Lao | Central | Greg Fizer | David Greene | | PERRVILLE | Lumley | Lacy Scott | David Mueller | |
| | East | Yolanda Elliott | N/A | | Warden: Judy Frigo | Piestewa | Cindy Neese | N/A | |
| | Globe | Ronald Lee | N/A | | DWOP: James O'Neil | San Carlos | Joseph Moses | Betty Barnes | |
| | North | Julie Jackson | Stephen Morris | | Major: Anthony Coleman | San Pedro | Meegan Muse | N/A | |
| | Picacho | April Robinson | N/A | | | Santa Cruz | Tom Forwith | N/A | |
| LEWIS Warden: William White DWOP: Sean Malone Major: Mario Diaz | South | VACANT (Miguel Ortiz) | Kelly Pierce | | | Santa Maria | Kim Currier | N/A | |
| | Bachman | Chris Moody | Clint Lee | | | Santa Rosa | Josie James | N/A | |
| | Barchey | Mary Clark | Jerry Eliniear | | SAFFORD | Fort Grant | Kim Daniel | Roxanne Hill | |
| | Buckley | Madeleine Perkins | Doug Schuster | | Warden: Lyle Broadhead | Graham | Jim Young | N/A | |
| | Eagle Point / Sunrise | Sandra Lawrence | N/A | | DWOP: Thomas Schaff | Tonto | Robert Langham | N/A | |
| PHOENIX Warden: Andrew Jackson Major: Michelle Morgan | Morey | Gerald Thompson | Ed White | | Major: Richard Haggard | | | | |
| | Rast | Quency Owens | N/A | | TUCSON | Catalina | Angela Basurto | N/A | |
| | Stiner | Mike McCarville | Regina Dorsey | | Warden: Sandra Walker | Cimarron | Alex Davenport | N/A | |
| | Alhambra | Erica Wagner | Linda Higginbotham | | DWOP: Laroe Helmer | Whetstone | William Elrext | Dan Lundberg | |
| | Aspen | Jeffrey VanWinkle | N/A | | Major: Linda Vega | Manzanita | Keith Hartsuck | N/A | |
| WINSLOW Warden: Ernie Garcia DWOP: VACANT Major: David Brakefield | | | | | | Minors | Jo Mountain | N/A | |
| | Apache | Rick Sullivan | N/A | | | Rincon | VACANT | Kenny Bradshaw | |
| | Coronado | VACANT | N/A | | | Santa Rita | Anna Jacobs | VACANT | |
| | Kaibab | Heather Hadden | Rick Morales | | | SACRC | Chris Lang | N/A | |
| | | | | | | Winchester | Chris Mendoza | N/A | |
| | | | | | YUMA | Cheyenne | James Franco | Tomas Ayala | |
| | | | | | Warden: Jerry Sternes | Cocopah | Rose Sanders | Rodreco Kepney | |
| | | | | | DWOP: Laura Escapule | Cibola | Adam Bradley | Robert Bayles | |
| | | | | | Major: Ken Hewett | Dakota | Pamela Rider | Carlos Almanza | |
| | | | | | | La Paz | Carla Hacker - Agnew | James Jones | |

Desk Reference